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RUEHBN/AMCONSUL MELBOURNE 6807
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SUBJECT: AMBASSADOR BLEICH CALL ON ENERGY MINISTER FERGUSON

¶1. (SBU) Summary: Energy, Resources and Tourism Minister Ferguson told Ambassador Bleich during an initial courtesy call that Australia is "in lockstep" with the U.S. on energy policy, technology goals, and views on climate change. Ferguson sees Australia, a major liquefied natural gas (LNG), coal, and uranium producer, as a key energy security guarantor for East and South Asia. Australian policy makers will have to deal with potential shortfalls in renewable energy and clean coal technology development by seriously considering nuclear power in the future. Ferguson suggested strengthening work under the International Renewable Energy Agency (IRENA) and believes that shaping the emerging UN technology partnership into a useful body will require close coordination. Australia recognizes U.S. efforts to deal with problems in the work-study visa pilot program and appreciates steps to improve the bilateral tourism relationship. End Summary.

¶2. (SBU) Ambassador Bleich and DCM Clune met with Energy, Resources and Tourism Minister Martin Ferguson and Department of Resources, Energy and Tourism Deputy Secretary Drew Clarke on November 27. In a brief but cordial meeting, the Ambassador and Ferguson shared views on priorities for the U.S.-Australia energy and technology relationship, climate challenges, nuclear energy, and tourism. Ferguson highlighted his role as the point man for clean energy and technology development in the GOA's effort to combat climate change.

GORGON PROJECT KEY TO TIES WITH NEIGHBORS

¶3. (SBU) Ferguson noted that he and the Ambassador would both be present at the December 1 groundbreaking ceremony for the Gorgon LNG project off Australia's northwest coast. Gorgon, at A\$37 billion, is the largest-ever foreign investment in Australia, led by a consortium of Chevron, Exxon Mobil, and

Shell. The Ambassador said that LNG was a critical interim step in the drive to a lower-carbon future. Ferguson agreed and said that work with the companies on the project had generally gone very well. Gorgon was one of the projects that would secure Australia's energy relationships not just with China and Japan, but India and South Korea as well. The abundance of LNG, coal and uranium now makes Australia a key energy security player for these countries, Ferguson said.

RENEWABLE ENERGY DEVELOPMENT

14. (SBU) Ferguson turned to U.S.-Australia cooperation on clean energy technology development, characterizing existing work with DOE and other USG agencies as very strong. He pointed to planned January 18-20 high-level consultations with DOE as an example of coordination and mutual benefit. Ferguson plans to attend those talks and to meet with DOE Secretary Chu. Ferguson said work by the International Renewable Energy Agency (IRENA) would be critical in developing technologies that could help against climate change and provide developing countries, especially Pacific Island states, a pathway for sustainable development. Ferguson added that the proposed UN technology partnership coming out of Copenhagen would need to be carefully shaped to provide real outcomes, and cooperation between the U.S. and Australia had been excellent so far.

NUCLEAR POWER NOT ON THE TABLE, YET

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15. (SBU) Ambassador Bleich asked if Australia's current policy on nuclear energy might change, especially if pressure for action on climate change continues to mount. Ferguson said in his own view the recent expansion in uranium development in Australia reflected a shift in willingness to consider nuclear energy. Ferguson said he personally supported the U.S.-India nuclear agreement and the PM had been careful in recent comments in Parliament to leave the door open for uranium exports to other countries, including India. In his view, a deal to supply India with nuclear fuel could be reached in 3-5 years. Nuclear power would not be on the agenda under this Parliament. At the same time, Ferguson said he had counted a large number of things that have to go right technologically to meet Australia's renewable and clean coal energy goals. Describing the challenge of developing base-load renewable energy as "quite worrying," Ferguson said policymakers would have to address the question of alternatives - nuclear most notably - if any of the other technologies failed to develop commercially quickly enough.

TOURISM

16. (SBU) Turning to tourism, Ferguson recognized that work was being done to fix problems associated with the work-study visa pilot program. The U.S. is an important tourist market for Australia, and education exports are a major employer and source of revenue. Recent problems with India over treatment of students in Australia appeared to be working out. The Ambassador said he had consulted closely with Under Secretary for Public Diplomacy McHale on the pilot program, and, although there were some tough legal questions that had to be resolved, there was no better way to strengthen the relationship than to have young students traveling to each country. Ferguson thanked the Ambassador for his effort, and said he was always a phone call away for any issues that did come up in the relationship.

BLEICH